



The Real Estate TRENDS

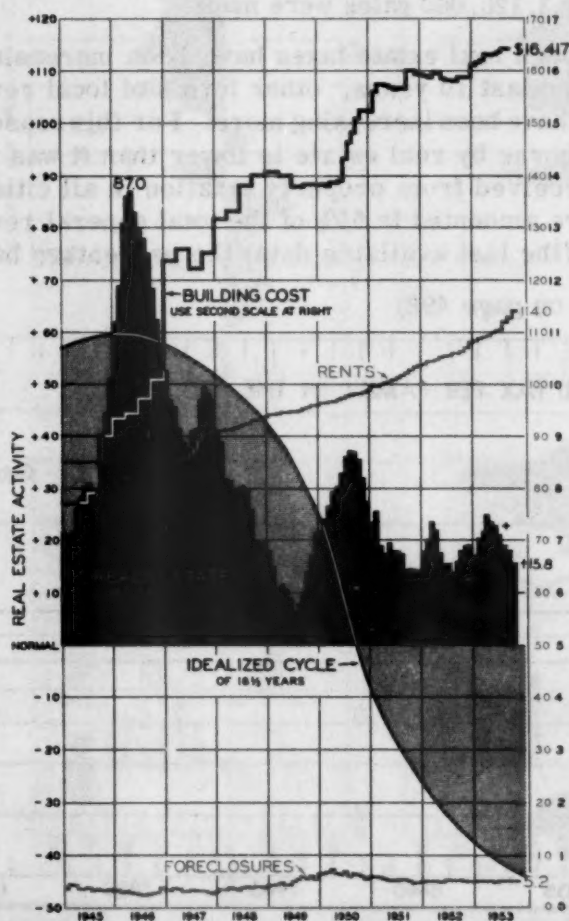
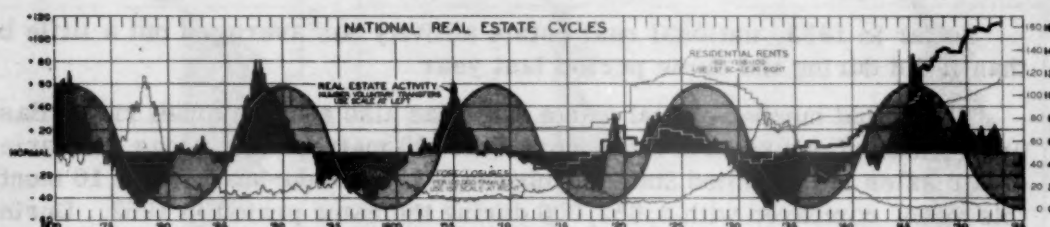
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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS



REAL ESTATE ACTIVITY

National average down slightly. Activity dips below the normal line in three regions.

REAL ESTATE MORTGAGE ACTIVITY

Drops 8 points in October. Now at about same level as 1 year ago.

REAL ESTATE TAXES

Have moved up again to another all-time high.

REAL ESTATE SALES PRICES

Down another 3% in October. Indications are that decline will continue during remainder of the year.

RESIDENTIAL BUILDING VOLUME

Moving ahead at brisk pace, although slightly behind last year's level. More than 1,000,000 starts assured for 1953.

RESIDENTIAL CONSTRUCTION COSTS

Still holding steady. Indications are that costs will show no violent ups or downs.

REAL ESTATE ACTIVITY

compared with 17.9 last month.

Our national activity index dropped 2 points in October to a new low for the year. It is now 15.8 points above the long-range normal, com-

By far the steadiest activity is found in the eastern and northern sections of the country. The charts on regional patterns of real estate activity (pages 495 through 497) show that the New England, Middle Atlantic, East Central, and West Central Regions are well above normal. On the other hand, the southern and western sections show considerably lower activity. The South Region is only 2.9 points above normal, while the Southwest, Mountain, and Far West Regions have all dropped below the normal line.

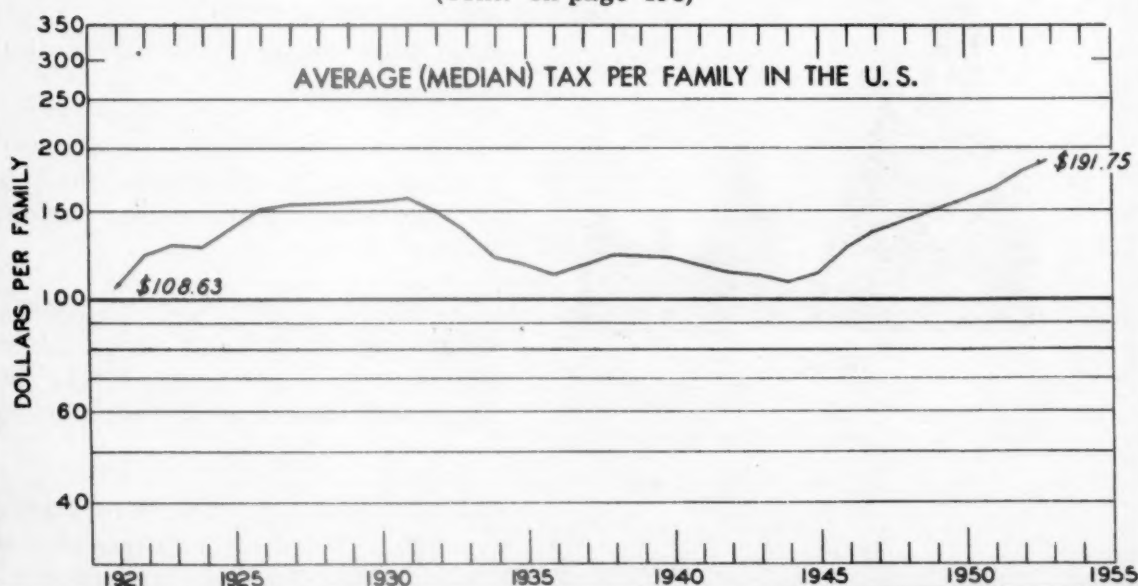
So far in 1953, national real estate activity has averaged out a little better than it did during the same period last year.

The actual number of real estate sales has also shown a small rise. Based on projections of our reports from more than 100 metropolitan areas, nonfarm real estate sales in the United States numbered 3,730,000 during the first 10 months of this year, compared with 3,652,000 during the same period in 1952. During the first 10 months of 1946, the best postwar year, there were 4,478,300 voluntary nonfarm sales made in the entire country. In contrast, during the first 10 months of 1949, the worst postwar year, only 3,120,000 sales were made.

REAL ESTATE TAXES

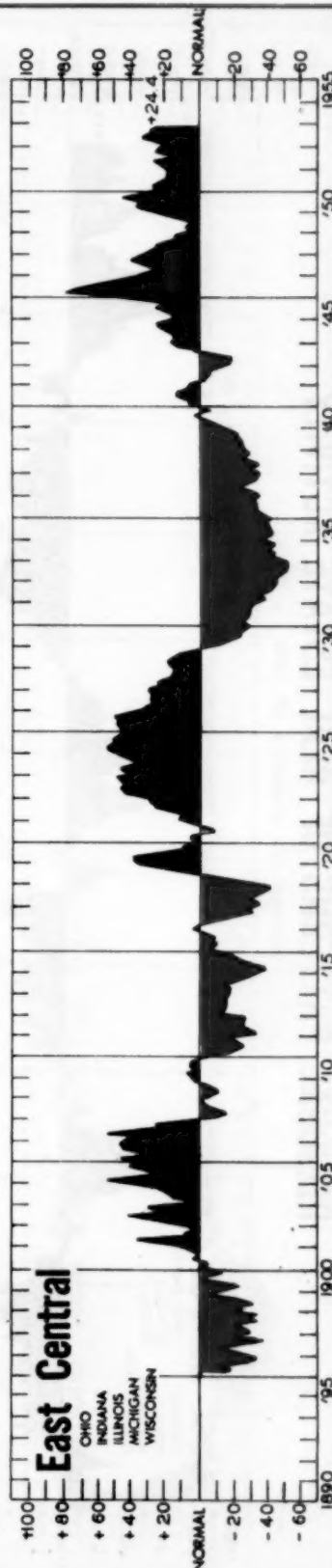
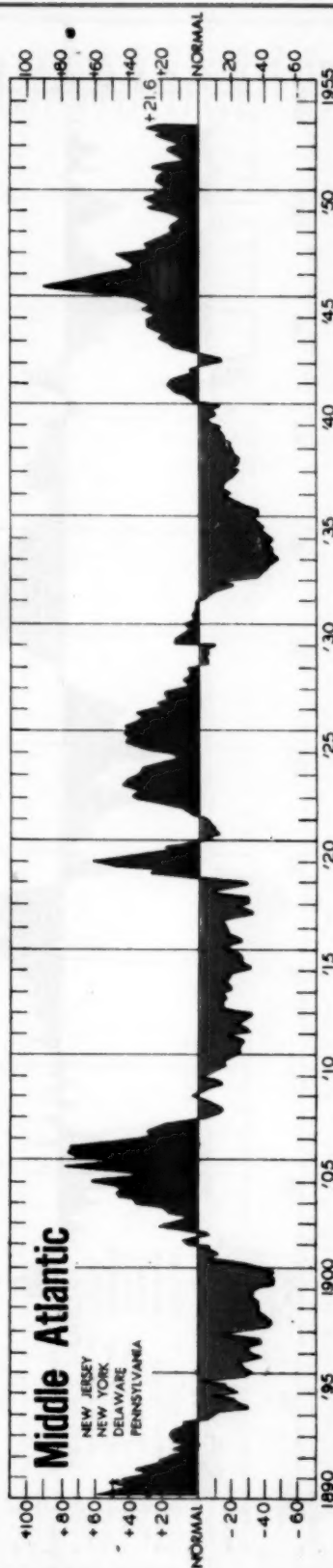
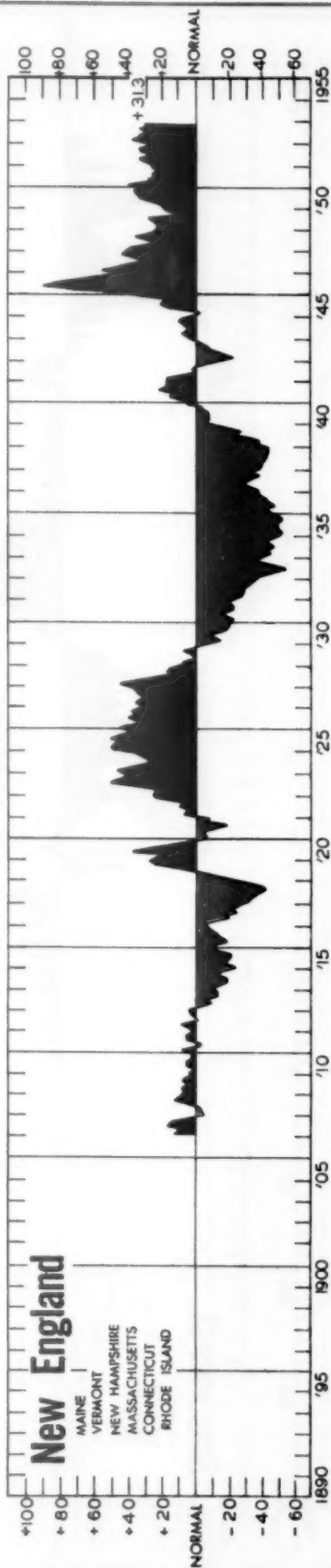
Although real estate taxes have been increasing for the last 10 years, other forms of local revenue have been increasing more. For this reason the proportion of the local tax load borne by real estate is lower than it was in 1942. During that year revenues received from property taxation in all cities having a population of 25,000 or more amounted to 65% of the total general revenue of those same cities. In 1950 (the last available data) the percentage had slipped to 50%.

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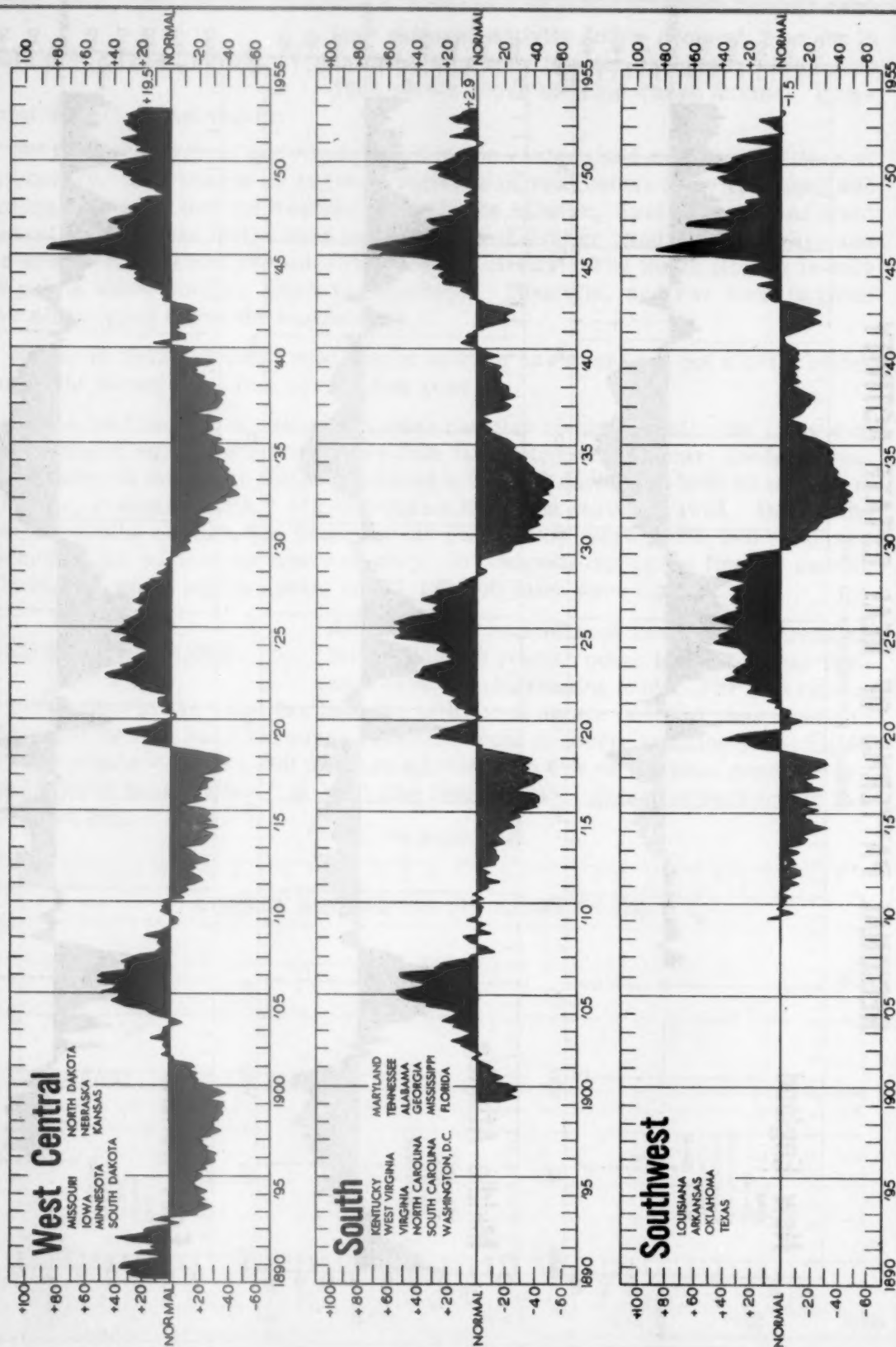
REGIONAL PATTERNS OF REAL ESTATE ACTIVITY

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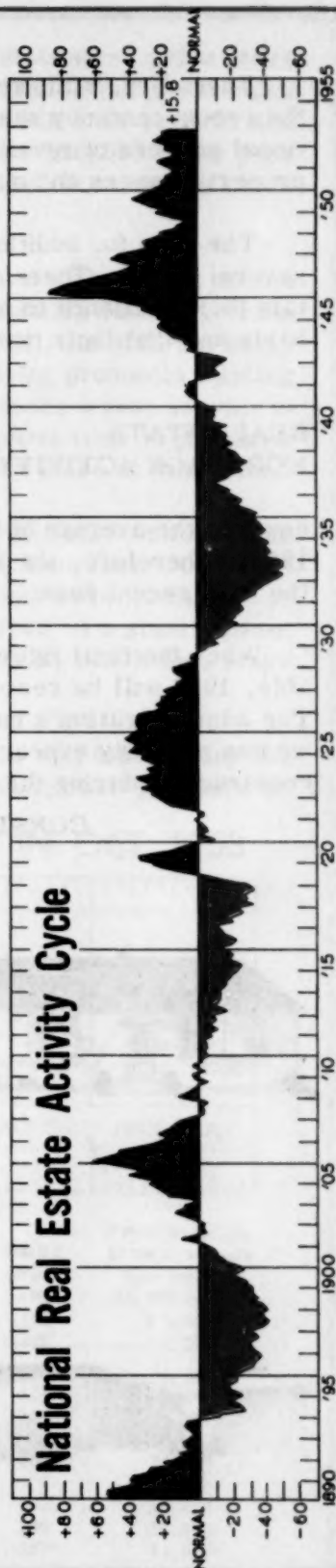
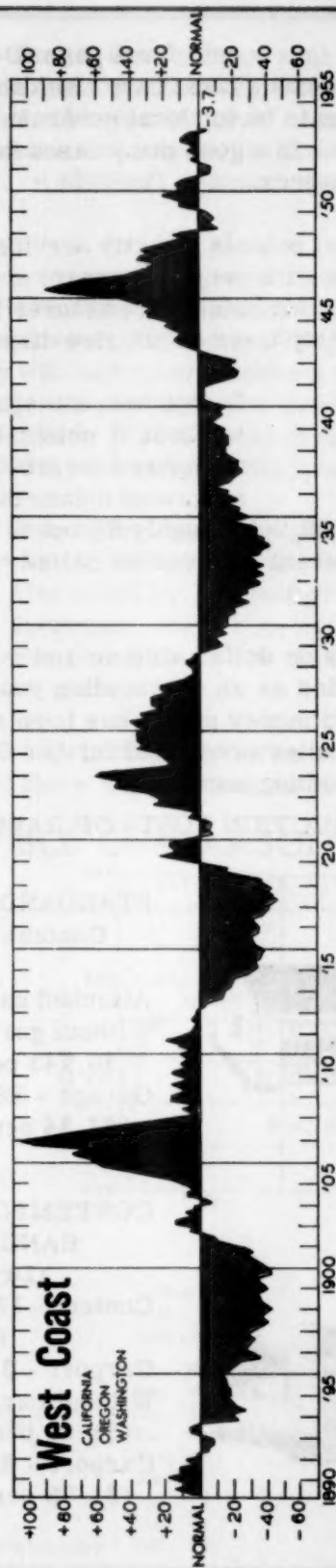
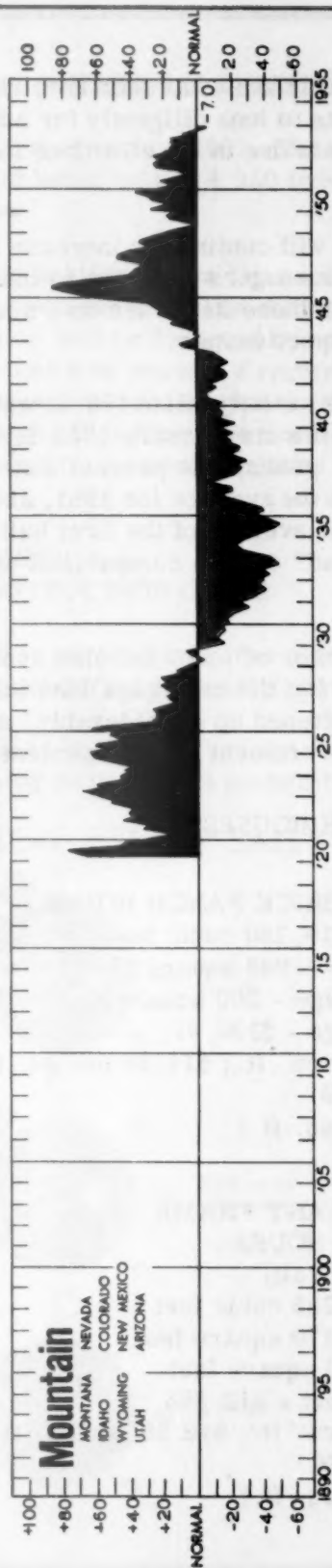
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(cont. from page 494)

Therefore, while real estate taxes have risen sharply and will continue to rise, the recent tendency seems to be for local governments to look diligently for additional sources of revenue. In a good many cases this is due to the efforts of local property owners and managers.

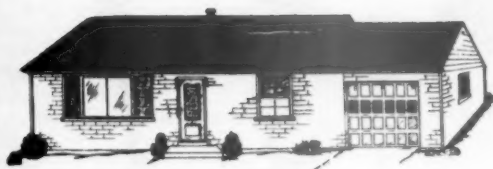
The need for additional schools and city services will continue to increase for several years. Therefore, the property owners and managers will have to maintain their vigilance to see that public expenditures for these items are on a sound basis and that their property taxes do not rise disproportionately.

REAL ESTATE MORTGAGE ACTIVITY

In October, mortgage activity fell to 188.7, which is about 8 points below its January 1953 level. Compared to recent years, the present rate is somewhat higher than the average for 1951, about equal to the average of 1952, and roughly 6% below the average of the first half of 1953. Therefore, its present rate can be called "bad" only in comparison with the very recent past.

When the final figures on dollar volume and number of loans become available, 1953 will be recorded as an outstanding year for the mortgage business. The administration's hard money policy has been softened up considerably, and we can probably expect easier credit and further Government encouragement to construction during the coming months.

CONSTRUCTION COSTS OF RANCH HOUSES



STANDARD BRICK RANCH HOUSE

Content: 16,250 cubic feet

840 square feet

Attached garage - 200 square feet

Without garage - \$120.81

(\$0.743 per cu. ft.; \$14.38 per sq. ft.)

Garage - \$869

(\$4.34 per sq. ft.)



CONTEMPORARY FRAME RANCH HOUSE

(Dry Wall)

Content: 12,285 cubic feet

1,170 square feet

Carport - 320 square feet

Without carport - \$12,396

(\$1.01 per cu. ft.; \$10.59 per sq. ft.)

Carport - \$570

(\$1.78 per sq. ft.)

REAL ESTATE SALES PRICES During October our real estate sales price index slipped another 3%. This places the price index 7.4% below its peak reached in October 1951 and duplicated in June 1952. This means that a house that sold for \$15,500 at the peak would bring only \$14,350 today. Additional comparisons are shown on the chart below.

Indications from the past performance of our index are that selling prices will continue to decline during November, December and probably January. This decline will be followed by an upturn during early 1954, but it is still too early to guess how much of a recovery will take place. Brokers having prospects wanting to buy on today's market would do these prospective purchasers a real service to point out that from now until February 1954 is an advantageous time to purchase residential property because of the seasonal dip which takes place at this time.

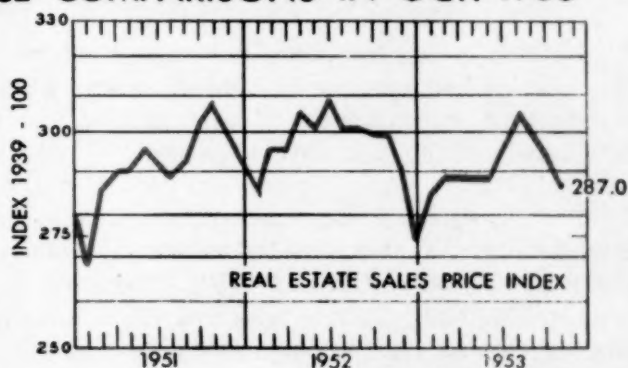
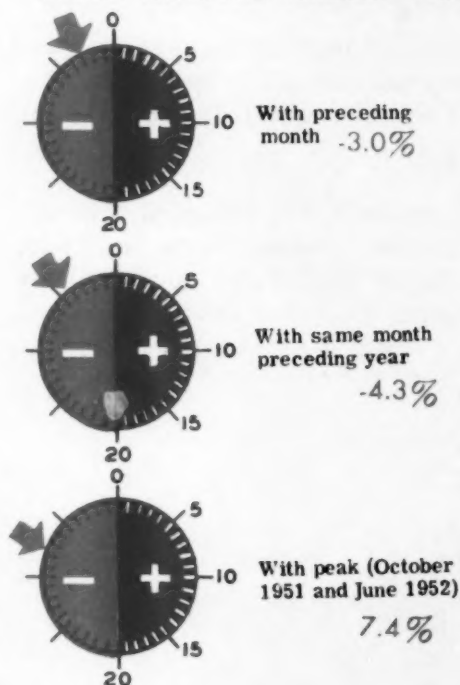
RESIDENTIAL CONSTRUCTION COSTS

The chief characteristic of construction costs during the last 2 years has been their comparative stability. Although they have continued to increase, their rise has been at a snail's pace.

This is particularly true when one remembers the manner in which they leapfrogged during the early postwar years.

It is hard to forecast accurately just what course costs will take during the coming year. In all probability there will continue to be an upward pressure on

REAL ESTATE SALES PRICE COMPARISONS IN OCT. 1953



Date	Selling price index	Probable selling price of a house that sold for \$5,000 in 1939
1939	100	\$ 5,000
1940 (2nd half)	110	5,500
June '52 & Oct. '51 peak	310	15,500
Dec. '52	276	13,800
Jan. '53	287	14,350
Feb. through May '53	290	14,500
June '53	300	15,000
July '53	307	15,350
Aug. '53	302	15,100
Sept. '53	296	14,800
Oct. '53	287*	14,350*

*Preliminary

wages in the building trades and in the industries serving the construction industry. On the other hand, these increases in basic costs can be largely nullified by reduction of premium wages, increased worker efficiency, and overall construction economies resulting from increased know-how and better building techniques. Increased competition among builders is likely to result in further trimming of profit margins, either through actual price reductions or the addition of features to make the houses more salable.

All in all the builders can probably look forward to steady to slightly lower costs, and the purchasers can look forward to a somewhat bigger and better house.

RESIDENTIAL CON- STRUCTION VOLUME

Starting with 1947, the home building industry has averaged more than 1,000,000 starts per year. This volume of housing is unprecedented in the history of the country - both from the standpoint of individual yearly records and from the standpoint of sustained effort.

Only the most optimistic believe that this pace can go on indefinitely. The housing shortage has long since passed and the basic demand for additional housing (new family formation) has been dropping for several years.

The probabilities are that home builders are facing some leaner years. Next year will not be so good as 1953, and the following few years will be progressively worse. Our guess is that the bottom will be reached during the late 1950's. Volume at that point will be in the neighborhood of 500,000-600,000 starts per year.

Following this low point, however, the home building industry can look forward to a tremendous upsurge in demand, reaching a very high plateau in the late 1960's. During this next boom the construction volume of new homes will far surpass the high levels of the past several years.

The present volume of new construction is nearing the 1,000,000 mark, and will undoubtedly pass this total before the year is over. The October volume of 88,000, although 13% below October 1952, brings the starts for the first 10 months of this year to 952,100. This is less than 2% below the same period of 1952, the second largest volume year in our history.